

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA



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Application of Southern California Edison  
Company for Authority to, Among Other  
Things, Increase its Authorized Revenues for  
Electric Service Effective in 2015, And to  
Reflect that Increase in Rates.

Application 13-11-003  
(Filed November 12, 2013)

**PROTEST  
OF THE OFFICE OF RATEPAYER ADVOCATES**

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December 16, 2013

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**I. INTRODUCTION**

In accordance with Rules 2.6 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission” or “CPUC”), the Office of Ratepayer Advocates (“ORA”) submits this Protest to the Application (A.13-11-003) of Southern California Edison Company (“SCE” or “Edison”) for authority to increase its authorized revenues for electric service effective in 2015, and to reflect that increase in rates.

SCE filed this General Rate Case Application on November 12, 2013. In it, SCE seeks authorization for revenue increases associated with its Electric Service that fall within the CPUC’s jurisdiction. Specifically, SCE asks the Commission to “... authorize a base revenue requirement of \$6.462 billion to become effective January 1, 2015. According to SCE, including sales growth and other offsets, its request represents a \$206 million increase (3.3%) over currently authorized revenues.<sup>1</sup> SCE estimates that the rate impact for an electric residential customer would be an increase from June 2013 average rates of 17.21 c/kWh to \$17.64 c/kWh.<sup>2</sup>

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<sup>1</sup> Application, p. 1. Excluding the effects of the San Onofre Nuclear Generating Station (SONGS) shutdown, ORA notes that the revenue increase requested by SCE in the non-SONGS GRC areas is much higher than the \$206 million request.

<sup>2</sup> Application, p. 34.

SCE proposes a post-test year ratemaking mechanism for the years between TY 2015 and SCE's next GRC. Generally, SCE asks that the Commission approve a mechanism that, coupled with the base rate increased proposed by TY 2015, would result in additional increases of \$368 million in 2016, and \$331 million in 2017.<sup>3</sup> This would result in a total cumulative increase of \$905 million over currently authorized revenues for the years 2015 through 2017.

According to Rule 2.6, Protests must be filed within 30 days of the date the notice of filing of the Application first appears in the Commission's Daily Calendar. Since A.13-11-003 was first noticed on the Commission's calendar on November 14, 2013, this Protest is timely filed.

ORA is reviewing SCE's requests and conducting discovery. Below are some of the areas where ORA expects to make recommendations. This is a preliminary list only, and may change as the case progresses. ORA also proposes a schedule for the remainder of this proceeding.

## **II. SCE'S REQUEST**

The sections below identify some of the functional areas that are likely to be at issue in this GRC.

### **A. Operation and Maintenance Expenses**

SCE is forecasting a decrease in Operation and Maintenance (O&M) expenses from approximately \$2.410 billion in 2012 recorded/adjusted expenses, to \$2.358 billion in TY 2015. The change is due to a reduction in some expenses as a result of the shutdown of the San Onofre Nuclear Generating Station (SONGS), and increases in other areas such as Transmission and Distribution, Customer Service, Information Technology, Human Resources, Safety, Security and Compliance, Insurance, Financial Operational Services and Law, and External Relations. SCE states that in 2012, the company did not

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<sup>3</sup> Application, p. 7.

spend as much on capital expenditures and expenses as was authorized by D.12-11-051, the SCE TY 2012 GRC decision.<sup>4</sup>

ORA is reviewing SCE's forecasts. Among the areas in which SCE seeks significant increases or changes for O&M expenses in the Test Year are Corporate Security and pre-paid electric service. ORA will analyze these and SCE's other O&M proposals, and develop its own independent forecasts and reports.

### **B. Depreciation**

SCE forecasts an increase in Depreciation expense from \$1.516 billion in 2012 recorded to \$2.003 billion in 2015.<sup>5</sup> ORA will analyze SCE's forecasts, and develop its own independent forecasts and reports.

### **C. Capital Expenditures**

SCE forecasts capital expenditures of about \$3.8 billion in 2013, \$3.7 billion in 2014, \$3.9 billion in TY 2015, \$3.9 billion in 2016, and \$3.8 billion in 2017.<sup>6</sup> For capital expenditures in the Transmission and Distribution areas, SCE says its forecasted increases in 2015 are largely to address infrastructure replacement associated with compliance, reliability, and safety.<sup>7</sup> ORA will analyze those forecasts, and develop its own independent forecasts and reports.

SCE also seeks significant capital expenditure increases in the Corporate Security area, and for SONGS Marine Mitigation Capital Projects. ORA will analyze these requests and develop its own independent forecasts and reports.

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<sup>4</sup> Ex. SCE-01, p. 34.

<sup>5</sup> Application, p. 3, Table 1.

<sup>6</sup> Ex. SCE-01, p. 34.

<sup>7</sup> See, e.g., SCE-3, vol. 1, p. 3.

#### **D. Administrative and General (A&G) Expenses**

SCE requests over \$1 billion in A&G expenses, with significant amounts for pensions and benefits and health care costs.<sup>8</sup> ORA will analyze these requests, and develop its own independent forecasts and reports.

#### **E. Attrition Year Increases**

SCE's proposed 2016 and 2017 attrition year increases are significantly larger than the rate increase requested for TY 2015. ORA will likely propose an alternative attrition mechanism.

### **III. ORA's REVIEW**

ORA has been conducting discovery since SCE submitted its Notice of Intent to file this General Rate case in July 2013. ORA will make recommendations to the Commission as appropriate when it serves its testimony.

### **IV. CATEGORIZATION OF PROCEEDING**

SCE proposes that this case be categorized as "ratesetting."<sup>2</sup> ORA agrees. ORA also asks that the Commission issue a companion Order Instituting Investigation to address any other matters that might arise in the course of this General Rate Case, but which were not proposed by the utility.

### **V. PROCEDURAL ISSUES**

Based on ORA's review of SCE's Application, testimony, workpapers, and responses, to date, to data requests, ORA recommends that evidentiary hearings be scheduled in this proceeding.

SCE says its proposed schedule for this proceeding is based on the Rate Case Plan<sup>10</sup>, which is a decision issued by the Commission in 1989. In recent GRCs, the Rate Case Plan schedule has been more honored in the breach than the observance. As the large energy utilities ask for ever-increasing revenue requirements with myriad

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<sup>8</sup> Ex. SCE-1, p. 38.

<sup>2</sup> Application, p. 30.

<sup>10</sup> Application, p. 30.

components, and do so on the basis of increasingly complex and voluminous testimony and workpapers, the Commission has recognized that, in order to have the most complete record on which to base its decision, all parties must be given adequate time to evaluate the utility's proposals. SCE's proposed schedule will not allow for that and should not be adopted by the Commission.

The schedules the Commission has set in recent large energy utility GRCs have recognized the need to provide ORA and Intervenors with time to prepare thoughtful and thorough analyses of utility proposals. For example, in the TY 2014 GRC Application that Pacific Gas and Electric Company (PG&E) filed on November 15, 2012, ORA's testimony was due May 2, 2013, and Intervenor testimony two weeks after that.<sup>11</sup> In the TY 2009 GRC for SCE, the schedule the Commission adopted allowed ORA 148 days for service of testimony from the date SCE filed its Application. In that case, the Proposed Decision was issued in November, and would have been in time for a year-end decision, had it not be replaced with four successive alternate decisions. In the TY 2012 SCE GRC, DRA's direct testimony was served on May 11, 2011. ORA's proposed schedule below includes an earlier date for ORA's Direct Testimony than in the TY 2012 SCE GRC. In order to incorporate 2013 recorded cost data in its analysis, ORA and other Intervenors should be given sufficient time to receive 2013 recorded cost data and evaluate that data.

Thus, in keeping with the GRC schedules adopted in recent large energy utility GRCs, ORA proposes the following:

ORA Direct Testimony	April 18, 2014
Intervenor Testimony	May 2, 2014
Rebuttal Testimony due	May 20, 2014
Hearings	June 16 – July 11, 2014
Opening Briefs	August 6, 2014

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<sup>11</sup> A.12-11-009, Assigned Commissioner Ruling and Scoping Memo, p. 5.

Reply Briefs	August 20, 2014
Proposed Decision	November 18, 2014

## VI. CONCLUSION

ORA respectfully recommends that the proceeding be categorized as ratesetting, that a reasonable schedule be set that includes adequate time for discovery, the preparation of testimony, and evidentiary hearings, and that the scope of the proceeding include, but not be limited to, the issues identified in this Protest.

Respectfully submitted,

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/s/ LAURA TUDISCO

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